

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FOTI
TO APWU/USPS-T1-14 AND 15, REDIRECTED FROM WITNESS
HAGENSTEIN
(July 27, 2021)**

Postal Service witness Foti hereby responds to Intervenor American Postal Workers Union, AFL/CIO'S Interrogatories 14 and 15 to United States Postal Service Witness Steven B. Hagenstein, issued on July 20, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FOTI
TO INTERVENOR AMERICAN POSTAL WORKERS UNION, AFL/CIO'S
INTERROGATORIES (REDIRECTED FROM WITNESS HAGENSTEIN)**

APWU/USPS-T-1/14

Explain the Postal Service's projections with regard to your testimony on page 40 about the service standard changes possibly resulting in capturing additional package volume and incremental market share.

RESPONSE:

To evaluate the impact of changes to FCPS service standards on current users of FCPS – Commercial, the Postal Service retained The Colography Group to conduct primary survey research titled the First-Class Package Service Transit Commitment Survey ("FTC Survey"). The objectives of this survey were to assess if, and how much, volume would switch to other delivery services if transit time commitments for volume shipped to farther zones were slowed by 1 to 2 days, but if on-time performance were to increase to 95 percent across all zones.

The results of the survey showed that the majority of sampled FCPS-Commercial shippers stated they would maintain or, in some cases, increase FCPS volumes with these proposed changes. Analysis from the survey responses provides a foundation to estimate that the directional impact on commercial FCPS volumes will be relatively insignificant, but possibly resulting in a small increase in volume. Please also refer to LR-N2021-2-NP3, and USPS-T-3.

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APWU/USPS-T-1/15

Explain the basis for your statement on page 41 of your testimony that “[t]he changes will have minimal impact on customer satisfaction and the needs of postal customers.”

RESPONSE:

Across shipping products, the top driver of shipping satisfaction for commercial shippers in FY 2020 is reliability. The proposed changes to FCPS service standards will enable enhanced reliability, allowing USPS to achieve its 95 percent on-time delivery target for FCPS.

Among customers of FCPS specifically, FTC Survey respondents most frequently cited price as the primary reason for using FCPS. FCPS is positively differentiated by its price compared to other market offerings with similar service standards, and we expect FCPS will continue to be highly price-competitive in the lightweight package market in the future.

Therefore, we believe there will be minimal impact on overall customer satisfaction in meeting the needs of postal customers.